MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of morning business not to extend beyond the hour of 4 p.m., with Senators permitted to speak for up to 10 minutes each, with the time equally divided between the majority leader and the Republican leader or their designees.

The Senator from New Mexico.

Mr. BINGAMAN. Mr. President, I ask unanimous consent that I be allowed to speak for up to 20 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

RETIREMENT SECURITY FOR AMERICANS

Mr. BINGAMAN. Mr. President, I have come to the Chamber today to speak about a subject that is of great importance to the people of my State, and I think people throughout the country, and that is the issue of retirement security.

We give a lot of speeches in the Senate about security: national security, homeland security—a variety of securities. We are concerned about security. The American people are concerned about security.

But there is one aspect of security that has not gotten a whole lot of attention so far in this Congress, and I am here today to call attention to it. That aspect of security is retirement security.

The collapse of Enron and the resulting collapse of the retirement plans of many Enron workers and plans across the country that held substantial amounts of Enron stock have underscored the need for changes in our pension laws and our retirement plan laws.

Frankly, I am disappointed that the House, in passing a watered-down version of the administration's modest proposals, has failed to increase retirement safety for those American workers who do have pensions, since that is all on which that bill really focuses.

The one proposal they should have watered down—that was the ''conflicted adviser'' provision in that bill—was left intact. It has the effect of removing one of the few protections in current law against conflicts of interest by financial service companies.

I am hoping the Senate will follow the lead of the Senate Health, Education, Labor and Pensions Committee and also the Finance Committee and their respective chairs and provide a more meaningful piece of legislation drafted to protect the rights of workers instead of exposing them to greater risks. So that is an issue that has been brought to national attention because of the collapse of Enron.

At the same time I refer to that, let me say that an even more troubling trend is the fact that we have heard nothing from the administration and, really, in either House of Congress about the lack of pension coverage of any kind for large segments of our working population—both the lack of coverage and the substantial reduction in retirement wealth for most of the workers in this country.

Approximately 2 weeks ago, Dr. Edward Wolff of the Economic Policy Institute—he is a professor at New York University—presented his report entitled ''Retirement Insecurity: The Income Shortfalls Awaiting the Soon-to-Retire.'' I would like to take a few minutes to highlight some of the points that were made in that report. I believe it makes the case, in a very compelling way, of the need for more attention to this issue for everyday workers.

The report and the most recent Department of Labor statistics demonstrate that retirement plan coverage has not increased in the past 30 years despite all of the efforts to expand coverage. Let me show a chart I have to make the case.

This shows the retirement plan coverage rates for full-time, private sector workers. You can see this covers the period 1972 to 1999. When you look at all workers, you see the retirement plan coverage rate for all workers in 1972 was 48 percent; in 1999—nearly 30 years later, 27 years later—it was 51 percent. So there has been a very modest increase, but modest indeed.

When you look at the figures for male workers, you see there has been an actual decline in the coverage rates for full-time, private sector male employees during that period, 1972 to 1999. Mr. President, 54 percent of male workers had pensions of some type. When I say ''pensions,'' I include in that 401(k) plan participation; they had some kind of a plan where they were putting away money for retirement. It was 54 percent in 1972; 52 percent in 1999.

The percentage for women has improved because they were at 38 percent in 1972 and they are now at 49 percent. But it is substantially below where it ought to be.

That means roughly half of America's private sector employees will have to enjoy their retirement on the other two legs of the proverbial three-legged stool. Some who are listening may not be aware of this metaphor, but the three-legged stool is what people who focus on retirement circumstances are always referring to. They say: You have three legs you can depend upon for your retirement income; one is Social Security, the second is your savings, and the third is your pension.

What these statistics show is that one of those so-called legs that a person can depend upon in this so-called three-legged stool, the pension part, is not there for half of the workers in this country. In truth, my guess is that many private sector workers who do not have a pension or retirement plan probably do not have a second leg on that stool either because they do not have any significant savings. So they are essentially left with Social Security as their only real source of support after their retirement.

For minorities, the prospects are even dimmer. Unfortunately, the coverage for minorities is unacceptably low; it has been for a long time and continues. This chart makes the point for different groups of employees. For all workers in 1999, the percentage of private wage and salaried workers covered under their employer's pension plan was 44 percent. When you go down to Black, non-Hispanic workers, it was 41 percent; Asian and Pacific Islanders, non-Hispanic, 38 percent; others, minorities, non-Hispanic, 35 percent; and Hispanic workers, 27 percent. That last figure is important to me because 40 percent of the people in my State are Hispanic. This statistic indicates that only 27 percent of the private sector employees who are Hispanic in this country actually have a pension on which they can rely.

There has been an interesting shift I will point out. This comes out of Dr. Wolff's report. There has been a shift from defined benefit plans to defined contribution plans. Let me explain what that is. A defined benefit plan essentially guarantees that when the worker retires, they will receive a specific amount, a defined benefit, regardless of what has happened to the economy or to the investment, the retirement funds, or anything else in the interim while they were working.

In 1975, when you looked at all of these various pensions people had in the private sector, 71 percent of them were defined benefit plans and only 29 percent were defined contribution.

Defined contribution, of course, means the risk is much more on the employee. It does not guarantee you any particular payment on a monthly basis or a yearly basis once you retire. It says you put in a specified amount each month while you are working, and then at the end of your work time, we look to see what the investment of those funds has added up to and how much there is for you to actually get in the way of retirement. So there is much less risk on the employer, much more risk on the employee in a defined contribution plan.

The interesting thing about this chart is the defined benefit plans used to represent 71 percent of all pension plans; now they are 35 percent. The defined contribution plans used to represent 29 percent; they are now 65 percent. So there has been a dramatic shift away from defined benefits to defined contributions.

When this trend started, the case was made by those who advocated it that this was going to allow much greater expansion of pension coverage; we were going to be able to cover a great many more workers if we shifted to a defined contribution plan instead of a defined benefit plan. So we did. We had a dramatic shift from defined benefit plans to defined contribution plans. Unfortunately, there has not been any increase in the percentage of workers covered, as that earlier chart made the case very clearly.

One of the reasons many of these companies shifted to defined contribution plans is that the employee makes the majority of the contributions to the plan when it is defined contribution—not the employer but the employee. As I indicated before, the risk is shifted to the employee. The risk of the funds not being well invested and the investments not turning out well shifts to the employee rather than the employer.

Clearly, half of our private sector employees did not get any benefit out of this bargain because they don't have a pension of any kind from the start. As I am about to explain, it does not appear that a majority of the covered workers got much out of this either.

Let me put up a few more charts that are interesting. One which is hard to read is a chart that shows, State by State, the pension coverage we have in the private sector around the country. This is a chart that got my attention. You cannot read it from any distance, I am sure, but you can see that in Washington State, 45 percent of private sector workers have pension coverage. It is substantially better in some other States. In Vermont—the Presiding Officer has an interest in Vermont—40 percent of the private sector employees have some kind of pension. That means either some kind of defined contribution or defined benefit plan. They may have a 401(k). That would be in that 40 percent.

The reason this chart catches my attention is that if you go over this chart and look at all of the percentages, the State with the lowest percent is New Mexico. Twenty-nine percent of the private sector employees in my State actually have some kind of pension.

I have a chart I also want to put up for the attention of various Senators. It shows the percentage of private sector workers without pension coverage. It shows about the top 15 States. In New Mexico, 71 percent of the private sector employees, according to these statistics, don't have any kind of a pension; Louisiana, 69 percent; Nevada, 67 percent; Florida, 66 percent; Mississippi, 66 percent.

People might look at this and say, you are generally talking about southern, southwestern States, close to the border. There are all kinds of problems there with the economy.

Let's go to some others. I know my colleague from North Dakota is in the Chamber. According to this chart, 61 percent of the private sector employees in North Dakota do not have a pension. This is data from the employee benefits supplement to the Census Bureau statistics in 1993.

The national average, according to that period, in 1993, was 50 percent; South Carolina, 61 percent; in Texas, where our President was Governor, 62 percent did not have a pension.

The reason I point this out is to make the point that this is a real issue for a great many Americans. I know we have had people come to the floor and say—in fact, I think my colleague from Texas spoke a couple weeks ago and said the biggest economic issue that this Congress has to deal with is to make permanent the repeal of the estate tax. Well, to change the law as it will be 9 years from now, as relates to the estate tax, when I look at these statistics, I don't think that is the biggest economic issue from the point of view of the people I represent. We have other big economic issues, one of which is pension coverage.

At the same time that coverage rates were made flat and employees shifted towards the defined contribution plans, the retirement income of retirees and those nearing retirement has decreased as compared to their current incomes.

I have another chart that makes that point. Let me put it up. This is a chart that I think is very interesting because it deals with the issue of the share or percentage of households with an expected retirement income that is more than half of their current income. We are not suggesting that people in retirement are likely to have incomes equal to their current income. We are saying that once they retire we would like them to have incomes that are at least half of their current income.

In 1989, according to this chart, 70 percent of the people who were retiring had incomes that equaled half of their current income. So they had as much as a 50-percent reduction in their income, but it wasn't worse than that. In 1998, a couple years ago—the most recent year for which we have statistics—that dropped to 57 percent. So only 57 percent of households had an income that was half of their current income by that time.

So who are the winners? Who has benefited from all these changes that have occurred, according to Dr. Wolff's report? The data released in this report demonstrates that only those with retirement incomes of over a million dollars saw their retirement wealth, in 1999, increase as compared to their retirement wealth in 1982. This chart takes each of these different groups—if your wealth is $25,000, or if it is $25,000 to $49,999, $50,000 to $100,000, $100,000 to $250,000. And then the final part of the chart is a million dollars and over.

So if you have $1 million and over in your wealth, you have probably seen that increase during that period from 1983 to 1998. But if you are not in that income category and in that wealth category, then you did not.

So the conclusions from this report are pretty stark. Coverage rates have been stagnant. The percentage of our private sector workers that have coverage—some kind of pension—has been stagnant for several decades. Minorities still have worse coverage than nonminorities. There has been very little improvement in that regard. The promise of increased coverage due to the shift toward the defined contribution plans that we used to hear about has not occurred.

Finally, the relative wealth of almost all classes of retirees—that is, everybody except the people with wealth of over $1 million—decreased over the past two decades, even though we have seen a huge runup in the stock market. All of the statistics I have given you here are through 1998. We all know there was a booming stock market in the 1990s, up through 1998. The stock market has come down substantially—at least certain parts of it—in the last couple of years. None of that is reflected in any of these statistics. So we will have to get updated figures as quickly as they come out. But I don't want to suggest that I am taking last week's information in order to make the case. We are making the best case we can, assuming that the stock market did not drop, as we all know it did.

We will see a further erosion in retiree wealth when we get those updated statistics. It is time to start thinking about ways to improve coverage. We cannot let these trends continue. We need to talk about reducing and dealing with other issues than just the repeal of the estate tax, as we go through the rest of this Congress. We also have proposals, as I am sure the Presiding Officer knows, that suggest that the top priority for this Congress ought to be privatizing the Social Security system. That is the one remaining leg of the stool that exists which has not yet been whittled away.

These statistics make the case convincingly that at least that should be left alone and we should get about the business of trying to help people save for retirement and have a pension upon which they can depend.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. BINGAMAN. Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota is recognized.

Mr. DORGAN. Mr. President, I ask unanimous consent to speak as in morning business.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. DORGAN. Mr. President, the Senator from New Mexico raises a point that a lot of people are not talking about much. They talk about pension reform a lot around here but they fail to mention that a good many Americans have no pension.

The Senator from New Mexico used statistics—for example, 61 percent in my home State, and I think 70-some in New Mexico, have no pension. We should do pension reform, but we also ought to think through how do we encourage additional retirement savings and pensions to be offered to workers.

THE NEW FARM BILL

Mr. DORGAN. Mr. President, this morning the President signed the new farm bill into law. We worked long and hard on that. It was a long, tortured trail to get it done, but the importance of it cannot be understated.

In North Dakota, for example, the difference between the first Freedom to